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November 22, 1991

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RSPP-98-4868-25

Associate Administrator for Pipeline Safety
Dockets Unit, Room 8417
Research and Special Programs Administration
U.S. Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

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Re: Notice of Proposed Rulemaking to Revise Gas Gathering Line
Definition, Docket No. PS-122, Notice 1

Dear Administrator:

Enclosed for filing are the comments of Valero Transmission, L.P.,
et al. in the above-referenced proceeding. We appreciate the opportunity to
present them and hope you will give the concerns we have raised therein your
careful consideration.

Also enclosed is an additional copy of the comments. Please date
stamp this copy and return it in the enclosed, self-addressed envelope.

Sincerely,

A handwritten signature in black ink, appearing to be "DK", followed by a long horizontal flourish.

David A. Kaufman

/crt
Enclosures

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION ("RSPA")**

Notice of Proposed Rulemaking §
 §
to Revise Gas Gathering Line Definition §

Docket No. PS-122, Notice 1

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Valero Transmission, L.P. ("**Valero Transmission**"); Valero Gathering, L.P. and Valero Gathering Company ("**Valero Gathering**"); Val Gas, L.P. ("**Val Gas**"); and Valero Hydrocarbons, L.P. ("**Valero Hydrocarbons**"), collectively referred-to herein as "**Valero**", hereby submit comments in response to the Notice, published at 56 FR 48505 (September 25, 1991) in the above-captioned proceeding.

Valero Transmission is one of the largest intrastate natural gas pipelines in the country, owning and/or operating approximately 6,019 miles of mainlines, lateral lines, and gathering lines throughout Texas. Valero Transmission sells gas and transports non-owned gas to local distribution companies, other intrastate pipelines, electric utilities, industrial users, agricultural users, and other direct end users. Valero Transmission 's pipeline facilities are connected directly to approximately 15,000 wells, as well as to numerous intrastate and interstate pipelines.

Valero Gathering owns and operates approximately 173 miles of pipeline in Texas for the transportation of natural gas for intrastate pipelines, industrial plants, local distribution companies, and marketers.

Val Gas owns and operates approximately 265 miles of gathering lines in discrete: segments in Texas for the gathering of natural gas for intrastate and interstate resale.

Valero Hydrocarbons owns and operates nine gas liquids extraction plants and two fractionation plants through which it processed approximately 1.3 Bcf of natural gas per day and extracted approximately 17,000,000 barrels of natural gas liquids (ethane, propane, butane, and pentane) during 1990.

In the Notice, RSPA interprets "straddle plants" to mean plants located adjacent to gas transmission lines for the purpose of extracting light hydrocarbon liquids newly formed due to recurring compression and decompression of gas during transmission. These "**straddle plants** ", says **RSPA**, are not considered gas processing plants, as used in the proposed definition of "gathering line", because they provide

only transmission-related supplementary reprocessing and are not the first processing plant **used** to remove liquefied petroleum gases or natural gas liquids on the gathering line.

Valero submits that a **"straddle plant"** can be used to remove any liquefiable hydrocarbons, can be located on any pipeline, and may be the first plant used to remove liquefiable hydrocarbons from gas production. Accordingly, RSPA should recognize that **"straddle plants"** may, in fact, be processing plants. In support of this, the Manual of Oil and Gas Terms, Williams and Meyers, 8th Edition (1991), defines a straddle plant broadly as:

A plant for the removal of ethane, propane, butane, and pentane from natural gas. The word **"straddle"** refers to the location of the plant on a pipeline system downstream from the fields where the gas is produced to distinguish a field plant located in the field where the gas is produced.

Under the quoted definition, a **"straddle plant"** appears to be simply a plant located on a pipeline downstream from the production and used to remove any liquefiable hydrocarbons. Nothing in this definition suggests that **"straddle plants"** are located only on transmission lines or used only for the supplementary removal of light hydrocarbon liquids that form from compression and pressure drops during transmission. Under this definition, it clearly is inappropriate for RSPA to consider every **"straddle plant"** as not being a processing plant for purposes of the proposed definition of **"gathering line"**.

Valero Hydrocarbons owns and operates several plants located on Valero Transmission 's pipeline system, downstream from the fields where the gas is produced, for the extraction of natural gas liquids. As such, they are **"straddle plants"** under the broadly accepted definition. They may also be the first plant used to remove natural gas liquids from gas. Accordingly, they should not be summarily excluded from being considered processing plants as used in the definition of **"gathering line"**. Otherwise, RSPA 's interpretation could result in the application of the amended rule in a manner that would unfairly classify gathering lines as transmission lines.

While it disagrees with the proposed limitations placed upon the definition of **"straddle plant"** by RSPA in its interpretation, Valero recognizes the problem that this limitation seeks to address. RSPA apparently wants to avoid having transmission lines reclassified as gathering lines due to the location, on such transmission lines, of plants that merely remove light hydrocarbon liquids newly formed from compression and decompression of gas during transmission. This can be resolved by amending RSPA 's interpretation to delete the references to **"straddle plants"** and to state simply that plants located along gas transmission pipelines and/or used to remove light

hydrocarbon liquids newly formed from compression and decompression of the gas during transmission should not be considered processing plants.


Another area of concern to Valero is **"end point"** (2) in the proposed definition of **"gathering line"**. **"End point"** (2) would serve as the end point for gathering lines in the event there is no processing plant to serve as such an end point. Under the proposal, **"end point"** (2) would be the point where custody of the gas is transferred to others who transport it by pipeline to: (i) A distribution center; (ii) A gas storage facility; or (iii) An industrial consumer. Defining **"end point"** (2) as proposed could result in the inappropriate classification of gathering lines as transmission lines.

For example, several wells in a production field might be connected to a separately owned gathering system which, in turn, is connected to a transmission line for transport to a distribution center, gas storage facility, or industrial consumer. If there is no processing plant, then under **"end point"** (2) custody will be transferred at the wellhead, and the gathering system will be considered transmission facilities. To resolve this anomaly, the phrase "except any point where custody is transferred at a well or first production facility" should be added at the end of proposed **"end point"** (2). Should the suggested exception come into play, the applicable end point will simply ratchet down to proposed **"end point"** (3), i.e., the last point downstream where gas produced in the same production field or two adjacent fields is commingled.

On the whole, Valero believes that the proposed **"gathering line"** definition is accurate and realistically comports with the natural gas pipeline industry. However, the proposed definition has the potential to create the inequitable results discussed above. If the changes suggested in these comments are incorporated in the definition, such results can be avoided without affecting the intent of this rulemaking.

Respectfully submitted,

VALERO TRANSMISSION, L.P.

BY 
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San Antonio, Texas
Dated November 22, 1991